

SOLICITOR

TO:

Commissioner of Patents and Trademarks
Washington, D.C. 20231

OCT 23 1998

U.S. PATENT & TRADEMARK OFFICE

**REPORT ON THE
FILING OR DETERMINATION OF AN
ACTION REGARDING A PATENT OR
TRADEMARK**

In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been
 filed in the U.S. District Court No. Dist. of CA on the following ☒ Patents or ☐ Trademarks:

DOCKET NO. C-98-3965-CAL	DATE FILED 10/15/98	U.S. DISTRICT COURT
PLAINTIFF Inclose Design, Inc., et al.		DEFENDANT Hsiu Huie-CHeng, aka Henry Cheng, et al.
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 5,673,029		
2		"Pls. see attached copy of complaint"
3		
4		
5		

In the above-entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading		
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK	
1			
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In the above-entitled case, the following decision has been rendered or judgment issued:

DECISION/JUDGMENT

CLERK	(BY) DEPUTY CLERK	DATE
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Copy 1—Upon initiation of action, mail this copy to Commissioner Copy 3—Upon termination of action, mail this copy to Commissioner
 Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner Copy 4—Case file copy

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Attorney For: Plaintiffs Inclose Design, Inc., Sunny Behl
and Jack Freidman

FOR COURT USE ONLY

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**
Robert Peckham Federal Building
280 South 1st Street Room 2112
San Jose, CA 95113

Plaintiffs: INCLOSE DESIGN, INC., SUNNY BEHL and
JACK FREIDMAN

v.

Defendants: HSIU HUIE-CHENG aka Henry Cheng;
ORBITRON INTERNATIONAL CO., LTD.;
ORBITRON TECHNOLOGY, CO. LTD.; DESTTECH
SOLUTIONS, INC. and JACKMOONUSA, INC.

ORIGINAL
FILED
OCT 15 1998
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

CIVIL ACTION No.

698

-03965

1 **COMPLAINT FOR PATENT INFRINGEMENT AND/OR CONTRIBUTORY INFRINGEMENT,**
2 **UNFAIR COMPETITION, AND INTERFERENCE WITH BUSINESS RELATIONSHIPS**
3 **ASKING FOR RECOVERY OF BOTH DAMAGES AND INJUNCTIVE RELIEF**
4 **(JURY TRIAL DEMANDED)**

5 Plaintiffs INCLOSE DESIGN, INC., SUNNY BEHL and JACK FREIDMAN collectively alledge:

6 **JURISDICTION AND VENUE**

7 This is the proper division of the Northern District of California for the United States District Court
8 because the action in substantial part arises in Santa Clara County California.

9 1. This Court has jurisdiction over this Action under:

10 28 U.S.C §1338 because it arises under The Acts of Congress relating to Patents; and/or

1 28 U.S.C. § 1332, because the matter in controversy exceeds the sum or value of Fifty
2 Thousand Dollars (\$50,000.⁰⁰) and is between citizens of a State and the Citizens and/or
3 subjects of a foreign state; and/or

4 28 U.S.C. Section 1331 because it arises under the laws of the United States; and/or
5 Principles of supplemental jurisdiction;

6 2. Venue is proper in this judicial district under:

7 28 U.S.C. § 1391(c), because the Defendants and each of them have sufficient contacts to
8 be deemed to reside within this district; and/or

9 28 U.S.C. § 1391(d) because the Defendants and each of them, except Defendants
10 DESTECH SOLUTIONS, INC. and JACKMOONUSA, INC. are aliens; and/or

11 28 U.S.C. § 1391(b)(2) because a substantial part of the events giving rise to the claims
12 asserted herein occurred within Santa Clara County in the Northern District of California;
13 and/or

14 28 U.S.C. § 1400 because each Defendant resides in the district [*North American Philips*
15 *Corp. v. American Vending Sales, Inc.* (C.A.Fed. (Ill) 1994) 35 F.3d 1576,1577(FN1), 32
16 USPQ 2d 1203], and/or has a regular place of business and committed acts of
17 infringement in the Northern District of California.

18 **PARTIES**

19 3. Plaintiffs SUNNY BEHL and JACK FREIDMAN are, and at all material times were,
20 individuals residing in Santa Clara County, California. Plaintiff SUNNY BEHL is the owner, and the
21 president, of INCLOSE DESIGN, INC.

22 4. Plaintiff INCLOSE DESIGN, INC. is a California corporation having its principal place of
23 business at 1600 Dell C, Campbell, California 95008. Plaintiff INCLOSE DESIGN, INC. was
24 incorporated in California on April 9, 1996 as *Orbitron Computer Systems, Inc.* On November 10, 1997,

1 Amended and Restated Articles of Incorporation were filed with the California Secretary of State changing
2 the name of this Plaintiff to INCLOSE DESIGN, INC.

3 5. Plaintiffs are informed and believe and on that basis allege that Defendants ORBITRON
4 INTERNATIONAL CO., LTD, and ORBITRON TECHNOLOGY, CO. LTD. are each limited liability
5 type companies existing under the laws of the foreign State of Taiwan, R.O.C. with a principal place of
6 business located at NO.5, Lane 121 Lung-Hsiao St., Kueishan Hsiang Taoyuan Hsien , Taiwan R.O.C.
7 Plaintiffs are informed and believe and on that basis allege that each such Defendants are importing
8 product into California and into this judicial district of the United States America with prior knowledge
9 that such products infringe U.S. Patent No. 5,673,029 entitled *Apparatus for Cooling a Memory Storage*
10 *Device*.

11 6. Defendant HSIU HUIE-CHENG aka Henry Cheng is an individual person who has
12 misappropriated confidential information and data from the Plaintiffs with the specific intent to make use
13 and sell product the world around which he knew comprised subject matter for which, Plaintiff's had filed
14 an application for a United States Patent, on Feb.15, 1996, assigned Serial No. 602,011. On September 30,
15 1997 that application matured into U.S. Patent No. 5,673,029 entitled *Apparatus for Cooling a Memory*
16 *Storage Device*. Notwithstanding after receiving notice: (i) that U.S. Patent No. 5,673,029, had issued and
17 (ii) that Plaintiffs demanded importation of product covered by the patent into the United States of
18 America, cease Defendant HSIU HUIE-CHENG, acting as the president and owner of Defendants
19 ORBITRON INTERNATIONAL CO., LTD, and ORBITRON TECHNOLOGY, CO. LTD. intentionally
20 continued to offer for sale to consumers and vendors in the United States of America and direct
21 importation of product covered by the patent into the United States of America.

22 7. Defendant DESTECH SOLUTIONS, INC. (DesTech) is a California corporation with a
23 principal place for the conduct of business located at 935 Lawson Street City of Industry California and

1 has committed acts of infringement of U.S. Patent No. 5,673,029 in the Northern District of California,
2 after receiving written demands made on behalf of Plaintiffs to cease such infringing conduct.

3 8. Plaintiffs are informed and believe and on that basis allege: (i) that Defendant
4 JACKMOONUSA, INC. (JackMoonUSA) is a corporation existing by reason of and/or licensed to
5 conduct business in California with a principal place for the conduct of business also located at 935
6 Lawson Street City of Industry California; and (ii) that Defendant JACKMOONUSA, INC. is the alter ego
7 of Defendant DESTECH SOLUTIONS, INC. in that there is a unity interest and ownership between
8 JackMoonUSA and DesTech . In particular, Plaintiffs are informed and believe and on that basis allege
9 there is no individuality or separateness between such entities other than that conferred by reason of
10 different product lines each vends in the United States. Accordingly, Plaintiffs are informed and believe
11 adherence to the fiction of the separate legal existence of the respective entities JackMoonUSA and
12 DesTech would permit an abuse of the corporate privilege and promote injustice in that proceeds deriving
13 from sales of product in the United State of America infringing United States Patents could be insulated
14 from the liability for such infringement.

15 GENERAL ALLEGATIONS

16 9. Plaintiff INCLOSE DESIGN, INC. is an innovative designer, manufacturer and vendor of
17 cooling devices for personal and portable computers, PC cases, and external enclosures for hard disk
18 drives, CD ROM players and recorders.

19 10. Plaintiff INCLOSE DESIGN, INC. is the owner of the entire right title and interest of United
20 States Patent No. 5,673,029 entitled *Apparatus for Cooling a Memory Storage Device*.

21 11. United States Patent No. 5,673,029 entitled *Apparatus for Cooling a Memory Storage Device*.
22 is valid and enforceable in all respects.

23 12. Plaintiffs are informed and believe and on that basis allege: Defendants HSIU HUIE-CHENG
24 (aka Henry Cheng), ORBITRON INTERNATIONAL CO., LTD, and ORBITRON TECHNOLOGY, CO.
25 LTD. and each of them are manufacturers offering to import from Taiwan R.O.C. to distributors in the

1 United States and the Northern District of California hard disk cooling fans designed for use with personal
2 and portable computers, PC cases, and external enclosures for hard disk drives, CD ROM players and
3 recorders each of which comprise an infringement of U.S. Patent No. 5,673,029. In particular, such
4 Defendants and each of them are now and were on 10/13/98 making the following written offer to
5 distributors in the Northern District of California and elsewhere in the United States over the *INTERNET*
6 from Taiwan:

7 "Orbitron International is currently establishing a standard pricing policy for all of our
8 international distributors. This pricing policy will significantly increase distributor's profit margin
9 by lower HD Cooler's cost to distributors. Should your company become one of our permanent
10 distributor, your company will achieve new sales growth with our HD Cooler. It is Orbitron
11 International's desire that as we grow; our distributors grow with us too.

12 In order to become one of our permanent international distributor, we will first ask prospective
13 companies to provide their company profile. This background information will help us determine
14 the company's capability and willingness to promote HD Cooler. If we are satisfied with your
15 portfolio, you will become our permanent distributor.

16 As a permanent distributor you will enjoy our full financial and technical support. We will place
17 your company information in our advertisements and brochures as the sole distributor of your
18 assigned territory. We will also refer all customer information in your territory to your attention.

19 Lastly, we hope to have the opportunity to work with you and establish a long term business
20 relationship. We truly believe HD Cooler has a bright and prosperous future. Please feel free to
21 contact us if you have more questions."

22 13. Defendant DESTECH SOLUTIONS, INC. (DesTech) is offering for sale and, based upon
23 information and belief has sold to consumers and retail distributors in the Northern District of California
24 hard disk cooling fans designed for use with personal and portable computers, PC cases, and external
25 enclosures for hard disk drives, CD ROM players and recorders each of which comprise an infringement
26 of U.S. Patent No. 5,673,029

27 14. The Defendants and each of them are and have engaged in a nationwide campaign of unfair
28 competition by manufacturing, selling, using, and distributing cooling fan devices designed for use with
29 personal and portable computers, PC cases, and external enclosures for hard disk drives, CD ROM players
30 and recorders in violation of U.S. Patent No. 5,673,029 and the rights therein granted.

1 15. Plaintiff INCLOSE DESIGN, INC. has placed the statutory notice specified by 35 U.S.C. §
2 287 either on all hard disk cooling fans or packaging therefore manufactured by it after issue of U.S.
3 Patent No. 5,673,029 sold by it covered by the Patent. Further, Plaintiff INCLOSE DESIGN, INC.
4 provided notice repeatedly to each of the Defendants who, notwithstanding such notice continued to
5 infringe such patent in violation of 35 USC § 271.

6 16. With willful disregard for the rights of the Plaintiffs under the Patent, Defendants and each of
7 them have continued to infringe or to contribute to infringement the Patent through the manufacture,
8 importation, sale and use of the infringing hard disk cooling fans for use for use with personal and portable
9 computers, PC cases, and external enclosures for hard disk drives, CD ROM players and recorders.
10 Defendants and each of them knew, or had reason to know, and willfully intended that their activities of
11 the manufacture, importation, and sale for use of such hard disk cooling fans comprise an infringement of
12 U.S. Patent No. 5,673,029 under 35 USC § 271 et seq.

13 17. Plaintiffs are informed and believe and on that basis allege that Defendants and each of them
14 have and are marketing the infringing hard disk cooling fans without disclosure to their customers,
15 distributors or ultimate end users that the use of the infringing hard disk cooling fans to cool hard disks
16 and like in cases is an infringement of U.S. Patent No. 5,673,029.

17 18. Plaintiffs are informed and believe and on that basis allege Defendants and each of them have
18 and continue to falsely represent or imply to distributors, customers and to the public, and others acting for
19 Defendants, that Defendant HSIU HUIE-CHENG (aka Henry Cheng), invented the infringing hard disk
20 cooling fans. Defendant HSIU HUIE-CHENG (aka Henry Cheng) in fact did apply for and obtain a patent
21 in Taiwan falsely representing, *inler alia*, that he invented such devices when in fact he misappropriated
22 and stole such data and information from Plaintiffs. Defendant HSIU HUIE-CHENG (aka Henry Cheng)
23 presented such he misappropriated and stole such data and information in his application to obtain the
24 patent in Taiwan. Based upon the fraudulently obtained Taiwan patent, the Defendants and each of them
25 have and continue to represent falsely that they have the right to sell the infringing hard disk cooling fans
26 for use in the United States of America.

1 19. The above-described false representations, obfuscations and implications, were and are
2 intentional and willful, and were and are calculated to cause, have caused, and will cause irreparable injury
3 to Plaintiffs and each of them.

4 **COUNT ONE**

5 **(Patent Infringement)**

6 20. Paragraphs 1 through 19, inclusive, of this Complaint are repeated and with the same full force
7 and effect as if set forth in their entirety at this point herein.

8 21. Defendants and each of them have been, and still are, infringing, inducing infringement of, or
9 contributorily infringing U.S. Patent No. 5,673,029 by manufacturing, selling, and distributing infringing
10 hard disk cooling fans for use by consumers in the United States and the Northern District of California,
11 and will continue to do so unless enjoined by this Court. Such conduct is causing irreparable harm to
12 Plaintiffs.

13 22. As a direct result of Defendants' conduct, Plaintiff INCLOSE DESIGN. INC. has been
14 damaged in amount to be proved at trial.

15 WHEREFORE, Plaintiffs pray judgment against Defendants and each of them set forth below.

16 **COUNT TWO**

17 **(Violation of Section 43(a) of the Lanham Act)**

18 23. Paragraphs 1 through 19, inclusive, of this Complaint are repeated and with the same full force
19 and effect as if set forth in their entirety at this point herein.

20 24. The use of false, deceptive or misleading statements of fact and implications, as set forth
21 above, were made by Defendants and each of them in connection with commercial advertising and
22 promotion and constitute misrepresentations to the consuming public concerning the nature characteristic
23 and qualities of Plaintiff's and the respective infringing hard disk cooling fans imported and marketed by
24 Defendants' in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

25 25. The Defendants and each of them knew or had reason to know that said activities were likely to
26 constitute misrepresentations to the consuming public yet the Defendants willfully and intentionally made
27 and continue to make such misrepresentations.

26. As a direct and proximate result of Defendants' misrepresentations, Plaintiff INCLOSE DESIGN, INC. (InClose) is entitled to an injunction against Defendants and those acting on behalf of Defendants, and each of them, (a) prohibiting them from making any and all false or misleading statements or communications to third parties including distributors, trade journals, actual or potential customers, and the consuming public, concerning InClose's products, the validity of the Patent, or infringement of the Patents by the infringing hard disk cooling fans and (b) requiring disclosure that use of infringing hard disk cooling fans may infringe U.S. Patent No. 5,673,029.

27. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff INCLOSE DESIGN, INC. is entitled to recover from Defendants: (a) damages under 15 U.S.C. § 1117(a); (b) damages under 15 U.S.C. § 1117(a) in an amount not less than the total profits of Defendants; and (c) treble damages under 15 U.S.C. § 1117(a), and (d) costs and attorneys fees incurred by Plaintiff INCLOSE DESIGN, INC. in this action under 15 U.S.C. § 1117(a).

WHEREFORE, Plaintiffs pray for judgment against Defendants as set forth below

COUNT THREE

(Common Law Unfair Competition)

28. Paragraphs 1 through 19, inclusive, of this Complaint are repeated and with the same full force and effect as if set forth in their entirety at this point herein..

29. The conduct of the Defendants and each of them infringing, inducing infringement and/or contributorily infringing U.S. Patent No. 5,673,029 constitutes unfair competition in violation of the rights of Plaintiff INCLOSE DESIGN, INC.

30. The misrepresentations and obfuscations by or on behalf of Defendants, as set forth above, are likely to mislead and confuse the consuming public into believing that the infringing hard disk cooling fans manufactured and imported by Defendants HSIU HUIE-CHENG (aka Henry Cheng), ORBITRON INTERNATIONAL CO., LTD, and ORBITRON TECHNOLOGY, CO. LTD. are not covered by a valid United States Patent, and/or that use of such Defendants' products do not infringe the Patent, thereby directing business away from Plaintiff INCLOSE DESIGN, INC. or otherwise unjustly benefiting

1 Defendants from the goodwill and reputation associated with Plaintiff INCLOSE DESIGN, INC., the
2 Patents and licenses thereof, and products of Plaintiff INCLOSE DESIGN, INC.

3 31. As a direct and proximate result of the foregoing acts, practices and conduct of unfair
4 competition by Defendants and each of them, Plaintiff INCLOSE DESIGN, INC. has been substantially
5 injured in its business resulting in lost revenues and profits and diminished good will and reputation.

6 32. As a direct and proximate result of the foregoing acts, practices and conduct of unfair
7 competition by the Defendants and each of them, Plaintiff INCLOSE DESIGN, INC. is entitled to enjoin
8 Defendants from any and all future acts of unfair competition including infringement, inducing
9 infringement, contributory infringement, false advertising and promotion, misrepresentations and
10 obfuscations.

11 WHEREFORE Plaintiffs pray for judgment against Defendants as set forth below.

12 **COUNT FOUR**

13 **(Tortious Interference With Potential Business Relations and Business Opportunities)**

14 33. Paragraphs 1 through 19, inclusive, of this Complaint are repeated and with the same full force
15 and effect as if set forth in their entirety at this point herein.

16 34. The systematic campaign of unfair competition by the Defendant and each of them constitutes
17 intentional and tortious interference with the present and prospective business relations and business
18 opportunities of Plaintiff INCLOSE DESIGN, INC. with respect to the cooling devices for personal and
19 portable computers, PC cases, and external enclosures for hard disk drives, CD ROM players and
20 recorders it manufactures and vends cover by U.S. Patent No. 5,673,029 causing irreparable injury and
21 other damages to Plaintiff INCLOSE DESIGN, INC.

22 35. As a direct and proximate result of Defendants' intentional and tortious interference with its
23 present and prospective business relations and business opportunities, Plaintiff INCLOSE DESIGN, INC.
24 is entitled to enjoin Defendants: (i) from any and all further sales of infringing hard disk cooling fans; (ii)
25 from making false or misleading statements or communications to customers and potential customers of
26 Plaintiff INCLOSE DESIGN, INC.; and (iii) from making false or misleading statements or
27 communications to the consuming public and all other customers concerning, relating or referring in any

1 way to products, of Plaintiff INCLOSE DESIGN, INC. or infringing hard disk cooling fans offered by
2 Defendants or any one of them, or to U.S. Patent No. 5,673,029.

3 WHEREFORE, Plaintiffs INCLOSE DESIGN, INC. SUNNY BEHL and JACK FREIDMAN
4 collectively pray for judgment against Defendants as set forth below,

5 **PRAYER FOR RELIEF**

6 **AS TO COUNT ONE:**

7 (a) For an award of all profits derived by Defendants and each of them from any infringing
8 sale; and

9 (b) Permanently enjoining Defendants from continued infringement and/or contributory
10 infringement of U.S. Patent No. 5,673,029.

11 **AS TO COUNT TWO:**

12 (c) Permanently enjoining Defendants from making any false or misleading statements or
13 communications to trade journals, customers and potential customer of either Defendants
14 or Plaintiff INCLOSE DESIGN, INC., the consuming public and any other customer
15 concerning, relating or referring, in any way to products of INCLOSE DESIGN, INC. or
16 about U.S. Patent No. 5,673,029.

17 (d) Compensatory damages under 15 U.S.C. §1117(a) according to proof~ Damages in the
18 amount of the total profits of Defendants under 15 U.S.C § 1117(a) according to proof,
19 and

20 (e) Treble damages under 15 U.S.C. 1117(a).

21 **AS TO COUNT THREE:**

22 (f) Permanently enjoining Defendants from making sales of infringing hard disk cooling fans
23 or making any false or misleading statements or communications to customers and
24 potential customers of either Defendants or Plaintiff INCLOSE DESIGN, INC., the

1 consuming public and any other customer concerning, relating or referring in any way to
2 Plaintiff INCLOSE DESIGN, INC., or its products, or the infringing hard disk cooling
3 fans offered by the Defendants and each of them, or about U.S. Patent No. 5,673,029.

4 **AS TO COUNT FOUR:**

5 (g) Permanently enjoining Defendants and those acting on behalf of Defendants, and each of
6 them, from disparagement of the products, business or reputation of to Plaintiff
7 INCLOSE DESIGN, INC., representations that U.S. Patent No. 5,673,029 is invalid, false
8 advertising and promotion of the products of Defendants or as to the use of such products,
9 and other acts of unfair competition, and

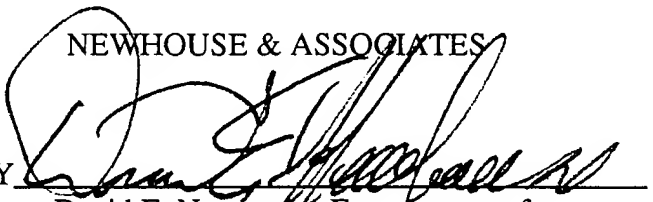
10 **AS TO ALL COUNTS:**

- 11 (h) For punitive damages generally and as authorized under 35 USC § 284;
12 (i) For damages in an amount to be proved at trial;
13 (j) For costs incurred in this action
14 (k) For reasonable attorney fees incurred herein; and
15 (m) For such other and further relief as the Court deems proper and just under the
16 circumstances presented and proven at trial

17 **JURY REQUEST:**

18 **WITH RESPECT TO ALL APPLICABLE COUNTS, THE PLAINTIFFS' AND EACH OF THEM**
19 **REQUEST A JURY TRIAL ON ALL ISSUES TRIABLE BY JURY.**

20
21 Dated; October 14, 1998

22
23
NEWHOUSE & ASSOCIATES
BY 
David E. Newhouse, Esq. Attorney for
Plaintiffs InClose Design, Inc., Sunny Behl and
Jack Freidman